

DCI/IC 77-4503

14 NOV 1977

Executive Registry
77-8748/B

MEMORANDUM FOR: Director of Central Intelligence

FROM: John N. McMahon  
Acting Deputy to the DCI for the  
Intelligence Community

SUBJECT: NFIP Procurement Policy (U)

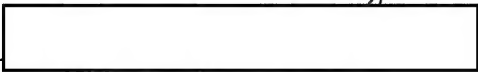
REFERENCE: Senate Select Committee on Intelligence  
Review of FY 78 NFIP Budget Report

1. Action Requested: Signature on the attached letter forwarding copies of the recently promulgated NFIP Procurement Policy to the Senate Select Committee on Intelligence.

2. Background: The reference, on Page 37a, noted that the Committee had been unable to determine, with any degree of certainty, how broad the industrial base supporting the Intelligence Community might be, or what steps were being taken by the Community to broaden this base. The Committee requested that the DCI promulgate a set of guidelines and criteria for the Community to ensure as broad a base of U.S. industrial firms as possible be involved in competing for intelligence goods and services.

3. The DCI approved on 3 November 1977 guidelines and criteria to achieve this objective. This policy has been distributed to the Intelligence Community for appropriate action.

4. Recommendation: The attached letter, forwarding copies of the approved policy to the SSC(I), should be signed and dispatched.

  
John N. McMahon

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Attachment  
Letter to Sen. Inouye  
for Signature

Approved For Release 2004/03/12 : CIA-RDP80M00165A001600160007-4  
 SUBJECT: NFIP Procurement Policy (U)

Distribution:

Orig-Addressee w/att.

- ~~1~~-ER w/att.
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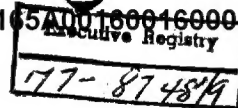
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Washington, D.C. 20505

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Honorable Daniel K. Inouye, Chairman  
Select Committee on Intelligence  
United States Senate  
Washington, D.C. 20510

Dear Mr. Chairman:

Your Committee, in its classified report (R7919) on the Fiscal Year 1978 NFIP budget, requested that a set of guidelines and criteria for NFIP procurements be developed. In response to this request, we have promulgated a policy paper on NFIP procurement. A copy is enclosed for the Committee's use.

Yours sincerely,

STANSFIELD TURNER

Enclosure

Distribution:

Orig - Addressee

- 1 - DCI
- 1 - Acting DDCI
- 1 - ER
- 1 - A-D/DCI [redacted]
- 1 - [redacted]
- 1 - D/OPP
- 1 - D/OPEI
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- 1 - OLC

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8 November 1977

NFIP Procurement Policy

1. Purpose. The purpose of this Directive is to establish policy and reporting procedures for the procurement of goods and services by NFIP entities.
2. Responsibilities
  - a. The DCI is responsible for controlling the budget preparation and resource allocation for the NFIP.
  - b. The Code of Federal Regulations in Titles 41 and 32 establishes Federal and Armed Services procurement policy pursuant to the Armed Services Procurement Act of 1949, as amended, and the Federal Property and Administrative Services Act of 1949, as amended.
3. Applicability. This Directive shall apply to all purchases and contracts made by NFIP components, units and activities, within or outside the U.S., for the procurement, or acquisition, from non-Federal sources of personal property and non-personal services (including ADP&E and construction) by such means as purchasing, renting, leasing (including real property), contracting or bartering. It includes all functions that pertain to the obtaining of supplies and services, including description (but not determination) of requirements, selection and solicitation of sources, and preparation and award of contracts for supplies or services which obligate appropriated funds.
4. Policy. The following Policy and Guidance for the procurement of NFIP goods and services reaffirms and extends the general and permanent rules for procurement published in the Federal Register and codified under Titles 32 and 41 of the Code of Federal Regulations.
  - a. All procurement, whether by formal advertising, or by negotiation, within the limitations of statutory responsibilities to protect sensitive intelligence sources and methods, shall be made on a competitive basis to the maximum practical extent.

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When procured by negotiation, offers shall be solicited from the maximum number of qualified sources consistent with the nature and requirements of the supplies, or services, to be procured.

- c. Negotiated procurements shall be on a competitive basis to the maximum practical extent. When a proposed procurement appears to be necessarily non-competitive, contracting officials are responsible not only for assuring that competitive procurement is not feasible, but also for acting whenever possible to avoid the need for subsequent non-competitive procurements. This action should include both examination of the reasons for the procurement being non-competitive and steps to foster competitive conditions for subsequent procurements, including possible break-out of components for competitive procurement. Except for procurement of utilities, and utility services, and educational services from nonprofit institutions, contracts in excess of [ ] shall not be negotiated on a non-competitive basis without prior review at a level higher than the initiating contract officer to assure compliance. STAT
- d. Procurements, whether by formal advertising or by negotiation, generally shall be made by soliciting bids, proposals, or requests for quotations from the maximum number of qualified sources consistent with the nature and requirements of the supplies or services to be procured.
- e. "Bidders" lists for procurement or other similar devices shall be established, maintained, and utilized to insure access to, and use of, the broadest possible base of U.S. industrial firms.
- f. Purchases shall be made from, and contracts shall be awarded to, responsible prospective contractors only. Responsible prospective contractors shall meet the criteria set forth in Federal and Armed Services Procurement Regulations.

5. Action Required

- a. Within the framework of applicable Armed Services and Federal Procurement Regulations, and consistent with statutory responsibility to protect sensitive intelligence sources and methods Agency Heads, Program

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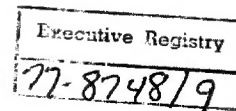
Managers, and the heads of elements of departments and agencies within the Intelligence Community constituting the NFIP shall:

- ensure competitive involvement to the maximum extent possible in all procurement activities;
  - broaden the scope of procurement actions and increase the number of qualified sources from which to solicit and accept bids, proposals, or quotations; and
  - review criteria for designating responsible prospective contractors to broaden the base of U.S. firms supporting the NFIP.
- b. In conjunction with the provision of recommended budgets to the DCI for preparation of the National Foreign Intelligence Program Budget, Agency Heads, Program Managers, and the heads of elements of departments and agencies within the Intelligence Community constituting the NFIP shall report the results of actions taken in accordance with the foregoing guidance. Reports should provide data on the total number and dollar value of competitive procurement actions that exceed  for each action; the total number of firms involved, and the number of new firms included on lists of bidders during the prior fiscal year. The first required annual report on FY-78 procurement actions shall be submitted in conjunction with the FY-80 recommended budget.

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The Honorable Daniel K. Inouye  
Chairman, Select Committee on Intelligence  
United States Senate  
Washington, D. C. 20510

Dear Mr. Chairman:

In response to the direction set forth in the Select Committee's review of the Fiscal Year 1978 NFIP budget request (R 7919), a set of guidelines and criteria for NFIP procurements has been promulgated.

As requested by the Committee, copies of the Directive are provided herewith.

Yours sincerely,

STANSFIELD TURNER

Attachment:  
As stated above

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